

IN THE CHANCERY COURT OF LEWIS COUNTY, TENNESSEE
AT HOHENWALD

IN RE: SENTINEL TRUST COMPANY)

) DOCKET NO. 4781
)
)

**OBJECTIONS OF DANNY N. BATES, et al, TO MOTION FOR APPROVAL OF
TRANSFER OF FUNDS FROM SENTINEL TRUST RECEIVERSHIP ACCOUNT
TO POOLED FIDUCIARY ACCOUNT**

Danny N. Bates and the Board of Directors of Sentinel Trust Company (hereinafter "Objecting Parties") object to the proposed transfer of funds from the Sentinel Trust Receivership Account to the "pooled fiduciary account" on the following grounds:

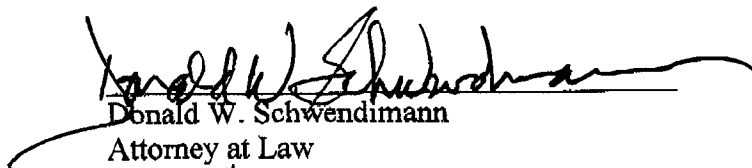
1. The books and records of Sentinel Trust Company, at the time of seizure by Movant Commissioner and his receiver, clearly detailed the amounts owed to the "pooled fiduciary account" by individual trust account, in total approximately \$7.2 million.
2. SENTINEL had engaged Kraft, CPAs, Columbia, Tennessee, on or about August 25, 2003 to complete the audit for 2002 and conduct the audit for calendar year 2003, in replacement of Welch & Associates, which resigned its audit duties on or about July 16, 2003.
3. In March, 2004, Kraft CPAs delivered its audit for the year ending December 31, 2002 and recommended, among other things, that receivables still being held by vendor in SENTINEL's Trust Department be identified by the appropriate, affected accounts in the Trust Department.

4. On information and belief, Kraft CPAs had completed the field work for the 2003 audit and had reviewed the allocation of receivables among the various defaulted bond accounts and the reclassification of trust account "overdrafts" as "Trust Department Receivables" as recommended in its audit letter accompanying its 2002 report to the Board of Directors.
5. As of May 11, 2004, the balance of such Trust Department Receivables was approximately \$7.2 million, detailed by trust account in accordance with the recommendations of Kraft CPAs.
6. The Tarrant County, Texas bond issue in default owed the pooled fiduciary account \$871,480.98 plus the overdraft charge of 1.5% per month from April 30, 2004, the last month posted prior to seizure. As of December 13, 2004, overdraft charges on the Tarrant Co. TX would have amounted to an additional \$110,235.88 in payments owed to the pooled fiduciary account.
7. The City of Fort Pierce, Florida bond issue in default owed the pooled fiduciary account \$305,299.87 plus the overdraft charge of 1.5% per month from April 30, 2004, the last month posted prior to seizure. As of December 31, 2004, overdraft charges on the Ft. Pierce bond issue would have amounted to an additional \$38,618.17 in payments owed to the pooled fiduciary account.

8. The Hernando County, Florida bond issue in default owed the pooled fiduciary account \$739,558.12 plus the overdraft charge of 1.5% per month from April 30, 2004, the last month posted prior to seizure. As of December 31, 2004, overdraft charges on the Hernando Co issue would have amounted to an additional \$93,548.62 in payments owed to the pooled fiduciary account.
9. As of April 30, 2004, these three defaulted bond accounts owed the pooled fiduciary account a total of \$1,916,338.97, which together with monthly overdraft charges would have brought the total owed to approximately \$2,158,741.64 as of December 31, 2004.
10. Movants' request to transfer any amount less than \$1,916,338.97, plus monthly overdraft charges of 1.5% to date of collection of each affected bond issue, to the pooled fiduciary account should be denied since the transfer of any lesser amount would be to the detriment of non-defaulted trust accounts already transferred to successor fiduciaries without the cash balance that each account was entitled to receive.
11. Trust funds do not comprise corporate assets of Sentinel Trust Company and should not be used to fund the fees and expenses of receivership. Trust property is not subject to personal obligations of the trustee, even if the trustee becomes insolvent or bankrupt. T.C.A. 35-15-507.
12. Filed with these objections is the Affidavit of Danny N. Bates in support of the objections.

Respectfully submitted,

Schwendimann & Associates



Donald W. Schwendimann
Attorney at Law
12 East 4th Avenue
P.O. Box 366
Hohenwald, TN 38462
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CERTIFICATE OF SERVICE

I, the undersigned, do hereby certify that I have mailed copies of the foregoing, by depositing said copies in the U.S. Mails, postage prepaid, this 17th day of June, 2005 to:

J. Graham Matherne
Wyatt, Tarrant and Combs, LLP
2525 West End Avenue, Suite 1500
Nashville, TN 37203-1423

Thomas W. Hardin
Patrick M. Carter
102 West Seventh Street, Suite 100
P.O. Box 929
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1375 East Ninth Street
One Cleveland Center, Ninth Floor
Cleveland, OH 44114



Donald W. Schwendimann

IN RE: SENTINEL TRUST COMPANY)
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DOCKET NO. 4781

AFFIDAVIT OF DANNY N. BATES

State of Tennessee
County of Lewis

Danny N. Bates, being first duly sworn, states and deposes as follows:

1. My name is Danny N. Bates, a resident of Lewis County, Tennessee, and I am over 18 years of age, and fully competent to make this Affidavit. I have personal knowledge of the facts stated herein.
2. To my recollection, Sentinel Trust Company carried default charges on the books of the Trust Department for final credit upon collection to the so-called pooled fiduciary account number 4049233 at SunTrust Bank as trust funds.
3. Collection of any fiduciarily held assets, such as "Trust Department Receivables" and current overdrafts, carried on the books of the Trust Department are trust funds, which should not be used for Receiver fees and expenses.
4. Attached hereto at Exhibit "A" is a listing of Trust Department Receivables as of May 11, 2004, funds from the collection of which should be or have been deposited into the "pooled fiduciary account" upon collection.
5. The books and records of the Trust Department of Sentinel Trust Company showed that the Tarrant County, Texas bond issue owed the "pooled fiduciary

account" \$871,480.98 as of April 30, 2004. That amount plus overdraft charges of 1.5% per month should be credited to the "pooled fiduciary account" from first available collections.

6. The books and records of the Trust Department of Sentinel Trust Company showed that the Ft. Pierce, Florida bond issue owed the "pooled fiduciary account" \$305,299.87 as of April 30, 2004. That amount plus overdraft charges of 1.5% per month should be credited to the "pooled fiduciary account" from first available collections.
7. The books and records of the Trust Department of Sentinel Trust Company showed that the Hernando County, Florida bond issue owed the "pooled fiduciary account" \$739,558.12 as of April 30, 2004. That amount plus overdraft charges of 1.5% per month should be credited to the "pooled fiduciary account" from first available collections.
8. Exhibit "B" attached to the Motion currently before the Court indicates that \$357,024.40 had been previously transferred to the "pooled fiduciary account" for the account of the Lee County, Alabama defaulted bond issue. The books and records of the Trust Department of Sentinel Trust Company showed that the Lee County, Alabama bond issue owed the "pooled fiduciary account" \$583,909.58 as of April 30, 2004. That amount plus overdraft charges of 1.5% per month should have been credited to the "pooled fiduciary account" from first available collections, not the lesser amount.

9. In summary, the books and records of the Trust Department of Sentinel Trust Company showed that the foregoing defaulted bond issues owed the "pooled fiduciary account" approximately \$2,500,248.56 of April 30, 2004. Those amounts plus overdraft charges of 1.5% per month should be or should have been credited to the "pooled fiduciary account" from collections proceeds.

Further deponent saith not.

Danny N. Bates

Danny N. Bates

Sworn to and subscribed before me this 16th day of June, 2005.



Liz McClain
Notary Public

My commission expires:

January 20, 2009

CERTIFICATE OF SERVICE

I, the undersigned, do hereby certify that I have mailed copies of the foregoing Affidavit, by depositing said copies in the U.S. Mails, postage prepaid, this 17th day of June, 2005 to:

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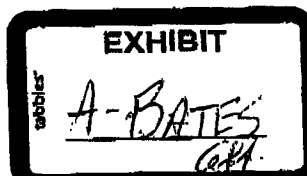
Donald W. Schwendimann

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05/11/04

Trust Dept QbKE Control Account
Open Invoices
As of May 11, 2004

Type	Date	Num	P. O. #	Terms	Due Date	Aging	Open Balance
Aircraft Leasing & Funding Co Invoice	1/1/04	1494		Due on r...	1/1/04	131	150,982.70
Total Aircraft Leasing & Funding Co							150,982.70
Atoka, Tipton Co, Tennessee Invoice	5/11/04	RP10...			5/11/04		436.85
Total Atoka, Tipton Co, Tennessee							436.85
Benton County, Tennessee Invoice	5/11/04	RP10...		Due on r...	5/11/04		250.00
Total Benton County, Tennessee							250.00
Camden, Tennessee Invoice	5/11/04	RP10...			5/11/04		2,425.00
Total Camden, Tennessee							2,425.00
Cave Springs, GA Series 1994 Invoice	1/1/04	1509		Due on r...	1/1/04	131	46,491.87
Total Cave Springs, GA Series 1994							46,491.87
Cave Springs, GA Series 1996 Invoice	1/1/04	1510		Due on r...	1/1/04	131	42,609.16
Total Cave Springs, GA Series 1996							42,609.16
City of Adamsville Invoice	5/11/04	RP10...		Due on r...	5/11/04		1,739.52
Total City of Adamsville							1,739.52
City of Brighton Invoice	5/11/04	RP10...			5/11/04		625.84
Total City of Brighton							625.84
City of Hohenwald Invoice	5/11/04	RP10...			5/11/04		676.08
Total City of Hohenwald							676.08
City of Livingston Invoice	5/11/04	RP10...			5/11/04		411.25
Total City of Livingston							411.25
City of McKenzie Invoice	5/11/04	RP10...			5/11/04		1,020.34
Total City of McKenzie							1,020.34
City of Millersville Invoice	5/11/04	RP10...		Due on r...	5/11/04		355.12
Total City of Millersville							355.12
City of Waynesboro Invoice	5/11/04	RP10...		Due on r...	5/11/04		366.81
Total City of Waynesboro							366.81
Crab Orchard Utility District Invoice	5/11/04	RP10...			5/11/04		653.80
Total Crab Orchard Utility District							653.80
Dade City, FL Series 1996 Invoice	1/1/04	1508		Due on r...	1/1/04	131	184,780.38
Total Dade City, FL Series 1996							184,780.38
DeKalb County, TN Invoice	5/11/04	RP10...			5/11/04		500.00



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05/11/04

Trust Dept QbkE Control Account
Open Invoices
As of May 11, 2004

Type	Date	Num	P. O. #	Terms	Due Date	Aging	Open Balance
Total Dekalb County, TN							500.00
Dublin, GA Series 1994							
Invoice	1/1/04	1507		Due on r...	1/1/04	131	81,740.68
Total Dublin, GA Series 1994							81,740.68
Ft Pierce, Fla Lyford Cove							
Invoice	4/30/04	DA10...		Due on r...	4/30/04	11	2,183.81
Invoice	5/11/04	OD10...		Due on r...	5/11/04		303,116.06
Total Ft Pierce, Fla Lyford Cove							305,299.87
Grundy County, Tennessee							
Invoice	5/11/04	RP10...		Due on r...	5/11/04		2,909.38
Total Grundy County, Tennessee							2,909.38
Hernando Co, Fla Tangerine Cove							
Invoice	4/30/04	DA10...		Due on r...	4/30/04	11	298.05
Invoice	5/11/04	OD10...		Due on r...	5/11/04		739,260.07
Total Hernando Co, Fla Tangerine Cove							739,558.12
Highlands Co, Fla Series 1994							
Invoice	1/1/04	1506		Due on r...	1/1/04	131	113,625.37
Total Highlands Co, Fla Series 1994							113,625.37
Jackson HEFB Series 89							
Invoice	1/1/04	1504		Due on r...	1/1/04	131	104,936.34
Total Jackson HEFB Series 89							104,936.34
Jackson HEFB Series 93							
Invoice	1/1/04	1505		Due on r...	1/1/04	131	44,783.99
Total Jackson HEFB Series 93							44,783.99
Jacksonville Series 94							
Invoice	1/1/04	1502		Due on r...	1/1/04	131	53,292.73
Total Jacksonville Series 94							53,292.73
Jacksonville Series 96							
Invoice	1/1/04	1503		Due on r...	1/1/04	131	225,485.91
Total Jacksonville Series 96							225,485.91
Jefferson Co, AR							
Invoice	4/30/04	DA10...		Due on r...	4/30/04	11	4,434.74
Invoice	5/11/04	OD10...		Due on r...	5/11/04		497,801.86
Total Jefferson Co, AR							502,236.60
Jose Eber Salons Inc							
Invoice	4/30/04	DA10...		Due on r...	4/30/04	11	18.11
Invoice	5/11/04	OD10...		Due on r...	5/11/04		131,708.23
Total Jose Eber Salons Inc							131,726.34
Lawrence County, TN							
Invoice	5/11/04	RP10...			5/11/04		38.97
Total Lawrence County, TN							38.97
Lee Co, AL Industrial Dev Auth							
Invoice	4/30/04	DA10...		Due on r...	4/30/04	11	5,062.50
Invoice	5/11/04	OD10...		Due on r...	5/11/04		578,847.08
Total Lee Co, AL Industrial Dev Auth							583,909.58
Liberty Co, GA Midway							
Invoice	1/1/04	1492		Due on r...	1/1/04	131	57,489.31
Invoice	4/30/04	DA10...		Due on r...	4/30/04	11	187.50
Invoice	5/11/04	OD10...		Due on r...	5/11/04		42,393.48

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Trust Dept QbkE Control Account
Open Invoices
As of May 11, 2004

05/11/04

Type	Date	Num	P. O. #	Terms	Due Date	Aging	Open Balance
Total Liberty Co, GA Midway							100,070.29
New Market Utility District Invoice	5/11/04	RP10...		Due on r...	5/11/04		408.10
Total New Market Utility District							408.10
Newton Co, GA Series 1989 Invoice	1/1/04	1493		Due on r...	1/1/04	131	101,148.42
Total Newton Co, GA Series 1989							101,148.42
North Utility District Invoice	5/11/04	RP10...			5/11/04		250.00
Total North Utility District							250.00
Northstar Financial Corp Invoice	1/1/04	1495		Due on r...	1/1/04	131	607,673.72
Total Northstar Financial Corp							607,673.72
Ray & Ross Transport, Inc. Invoice	1/1/04	1496		Due on r...	1/1/04	131	502,820.33
Total Ray & Ross Transport, Inc.							502,820.33
Roane Co, TN HEFB Marshall Voss Prj Invoice	1/1/04	1501		Due on r...	1/1/04	131	113,692.34
Total Roane Co, TN HEFB Marshall Voss Prj							113,692.34
Rome-Floyd Co, GA Series 1996 Invoice	1/1/04	1500		Due on r...	1/1/04	131	79,680.19
Total Rome-Floyd Co, GA Series 1996							79,680.19
Rusk Co HFC Texas Choice Invoice	5/11/04	OD10...		Due on r...	5/11/04		80,750.03
Total Rusk Co HFC Texas Choice							80,750.03
Sentinel Trust Co. General Journal Invoice	4/7/00 12/31/99	5402 ADJ01		Due on r... Due on r...	12/31/99	1593	-60,392.10 60,392.10
Total Sentinel Trust Co.							0.00
Sullivan Co, TN Kingsport Sr Living Proje Invoice	4/30/04	DA10...		Due on r...	4/30/04	11	3,843.75
Total Sullivan Co, TN Kingsport Sr Living Proje							3,843.75
Sumner Co, TN HEFB Series 1989 Invoice	1/1/04	1499		Due on r...	1/1/04	131	83,146.99
Total Sumner Co, TN HEFB Series 1989							83,146.99
Tarrant Co, TX Comm Hlth Fdn Series 91 Invoice	1/1/04	1490		Due on r...	1/1/04	131	265,145.10
Invoice	4/30/04	DA10...		Due on r...	4/30/04	11	1,423.05
Invoice	5/11/04	OD10...		Due on r...	5/11/04		604,912.83
Total Tarrant Co, TX Comm Hlth Fdn Series 91							871,480.98
Toombs Co-Vidalia, GA Series 1997 Invoice	4/30/04	DA10...		Due on r...	4/30/04	11	3,874.63
Total Toombs Co-Vidalia, GA Series 1997							3,874.63
Town of Pikeville Invoice	5/11/04	RP10...		Due on r...	5/11/04		500.00
Total Town of Pikeville							500.00
Town of Spencer Invoice	5/11/04	RP10...		Due on r...	5/11/04		250.00

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05/11/04

Trust Dept QbkE Control Account
Open Invoices
As of May 11, 2004

Type	Date	Num	P. O. #	Terms	Due Date	Aging	Open Balance
Total Town of Spencer							250.00
Tri-Star Financial Corp							
Invoice	1/1/04	1497		Due on r...	1/1/04	131	539,147.12
Total Tri-Star Financial Corp							539,147.12
Walton Co, Fla Series 1996							
Invoice	1/1/04	1498		Due on r...	1/1/04	131	317,252.77
Total Walton Co, Fla Series 1996							317,252.77
Warren County Utility District							
Invoice	5/11/04	RP10...		Due on r...	5/11/04		1,461.44
Total Warren County Utility District							1,461.44
Washington Co, MS M-F Urban Renewal							
Invoice	4/30/04	DA10...		Due on r...	4/30/04	11	6,220.29
Invoice	5/11/04	OD10...		Due on r...	5/11/04		460,454.44
Total Washington Co, MS M-F Urban Renewal							466,674.73
Wayne County, Tennessee							
General Journal	6/19/01	010547		Due on r...			-1,643.43
Invoice	6/1/01	4807		Due on r...	6/1/01	1075	650.10
Invoice	6/1/01	4810		Due on r...	6/1/01	1075	601.32
Invoice	6/1/01	4813		Due on r...	6/1/01	1075	392.01
Total Wayne County, Tennessee							0.00
Woodlawn Utility District							
Invoice	5/11/04	RP10...		Due on r...	5/11/04		250.00
Total Woodlawn Utility District							250.00
TOTAL							7,198,244.43

**Application of Funds of Defaulted Bond Accounts
per Motions Filed with Court**

Tarrant Co TX Collected	\$1,882,000.00	
Owed at 12/31/04	981,716.86	
Funds Credited		69,419.45
Shortfall to Pooled Fund	912,297.41	
Hernando Co FL Collected	\$1,147,314.50	
Owed at 12/31/04	833,106.74	
Funds Credited		185,572.83
Shortfall to Pooled Fund	647,533.91	
Ft Pierce, FL Collected	\$2,547,087.18	
Owed at 12/31/04	343,918.04	
Funds Credited		60,493.81
Shortfall to Pooled Fund	283,424.23	
Washington Co, MS Collected	189,186.15	
Owed at 4/30/04	466,674.73	
Funds Credited		.00
Shortfall to Pooled Fund	189,186.15	
Lee Co, AL Collected	\$858,178.24	
Owed at 12/31/04	583,909.58	
Funds Credited		357,024.40
Shortfall to Pooled Fund	226,885.18	
Totals Collected	\$6,623,766.07	
Totals Owed at 12/31/04	3,209,325.95	
Funds Credited		672,510.49
Shortfall to Pooled Fund	\$2,536,815.46	

Exhibit "B"